

Cortaro Water Users' Association
as agents for
Cortaro – Marana Irrigation District
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November 4, 2002

Mr. J. Tyler Carlson, Regional Manager
Western Area Power Administration
Desert Southwest Region
Post Office Box 6457
Phoenix, Arizona 85005-6457

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Re: Parker-Davis Reallocation - Opposition to PMI and EPAM: Request for Total Reallocation to Eligible Preference Utilities and Renewal to Existing Small and Intermediate Sized Customers - Including Cooperatives

Dear Mr. Carlson:

The Cortaro Marana Irrigation ("District") is a political subdivision of Pima County and the State of Arizona, and is an entity eligible to be (but currently is not) a federal preference customer. It furnishes electricity to District-owned wells to provide irrigation and municipal water. The District has no allocation of Federal power and is precluded from participating in the benefits of the Federal Power Program that accompany a minimum allocation. While the District receives power from the Arizona Power Authority, it has no allocation of Federal power in its own name.

The benefits of Parker-Davis have been the private preserve of some entities for over 40 years, and it is time to assure the people of the United States that the allocation is for the greatest good for the greatest number of preference utilities. The resource should be equitably reallocated with great deference keeping and maintaining the allocation to the small and intermediate-sized municipal and cooperative utility entities within the marketing area, which have utility functions and need Parker-Davis to be economically viable as operating utilities. Their allocation should be renewed.

Otherwise, the District supports the complete reallocation of Parker-Davis to preference utilities. It opposes implementation of the PMI and the EPAM, and opposes using a 6% percent withdrawal pool (such a pool is too small and hurts small entities like Wickenburg, Thatcher and Fredonia). It supports withdrawal of 15 megawatts from IID and from other entities which have more than 40 mw of Parker-Davis. There should be no reduction of the allocation to smaller preference utility entities or to the Arizona Electric Power Cooperative ("AEPSCO"). This allocation to AEPSCO is an allocation based on the needs of its member cooperatives, and AEPSCO is the agent of those entities. Each of them need their share of Parker-Davis to remain economically viable. The agency relationship of the Generation and Transmission Cooperative is well recognized by Western. It was most recently recognized in the reallocation and the redistribution of seven (7) megawatts of the Plains/Tri-Sate CRSP to Navopache Electric. The District supports the creation of a larger preference utility customer pool for new entities. Upon reallocation, Western should implement 20 year contracts.

In 1977 when Reclamation and Western entered into the Master Agreement with Reclamation, both should have noted the 1948 history of the allocation of 30 megawatts to Imperial

Irrigation District ("IID") pending completion of Pilot Knob Plant. The record is clear and indisputable that upon completion of the Pilot Knob Plant, IID was to return 15 megawatts. The fact no other potential customers surfaced for 40 years is no reason not to review the history and make changes. This lapse and oversight in the historic record on the part of both Western and Reclamation would, if continued, deny Parker-Davis preference customers the opportunity to participate fully and equitably in the enjoyment and use of the Parker-Davis resource. IID has enjoyed an extra 15 megawatts of Parker-Davis for over 50 years. There is no argument to not recognize its base allocation of 15 megawatts, but it is time to reallocate all of Parker-Davis, including the extra 15 allocated to IID, to preference utility customers.

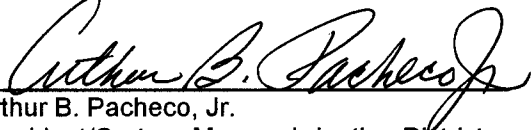
In addition, while the Colorado River Commission of Nevada ("CRC") may itself be a preference customer, it appears two (2) of its seven (7) direct subcontractors may not be preference customers, and it appears that CRC itself is not a retail distribution entity but is an agency similar to the Arizona Power Authority ("APA"). The APA in the 1960's reallocation lost all but 3 mw of its allocation of Parker-Davis because it would not agree to follow Federal Preference law in its remarketing. Pending creation of Electrical District No. 3, Pinal County, with the concurrence of the City of Mesa, APA received some 3 mw of Parker-Davis on the condition it be sold to Electrical District No. 3, Pinal County, Arizona (a preference customer for whose benefit the three (3) megawatts of Parker-Davis was relinquished by the City of Mesa, Arizona. The allocation to CRC, if it is found to be reselling to non-preference entities part of its Parker-Davis, should be reduced by the amount being sold. All of these reductions would help establish a new resource pool without reducing the allocations of existing customers.

The District requests an allocation of two (2) megawatts of the Parker-Davis resource. It will supply the appropriate documentation at the appropriate time.

Western should reallocate all of Parker-Davis, and should market for the greatest good of a larger preference utility customer base. If the District's suggestion is adopted, none of the small or intermediate sized current Parker-Davis customers, including the Cooperatives, would or should lose any allocation.

Very truly yours,

CORTARO-MARANA IRRIGATION DISTRICT,
PIMA COUNTY, ARIZONA

By 
Arthur B. Pacheco, Jr.
President/Cortaro-Marana Irrigation District

cc: General Counsel